Return on Investment Program Funding Application (FY 2003 Request)

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.
FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

IT PROJECT EVALUATION

SECTION I: PROPOSAL

Date: July 11, 2001

Agency Name: INSPECTIONS & APPEALS

Project Name: Health Care Facility Licensing

Expenditure Name: Electronic Licensing of Health Care Facilities

Agency Manager: Marvin L. Tooman, Ed.D.

Agency Manager Phone Number / E-mail: 515/281-4233 mtooman@dia.state.ia.us

Executive Sponsor (Agency Director or Designee): Tim McLaughlin

Request For ROI Application Waiver:

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over $100,000, or any non-routine IT expenditure. If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request. Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation: N/A

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:.

Is this project or expenditure required by State statute? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation: .

Does this project or expenditure meet a health, safety or security requirement?
☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure necessary for compliance with an enterprise technology standard?
☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: This project is necessary to comply with the state's commitment to E-business.

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?
☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: Yes. The effort will be of service to license holders. It will substantially increase the efficiency of the state in processing license renewal applications and be more responsive to the citizens of Iowa.

Is this a "research and development" project or expenditure? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation: This is a programatic business application.

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) and a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response: PRE-PROJECT: Initial – Application sent to the facility by the Program Coordinator. The facility returns via mail the completed application along with a copy of the Resident Admission Agreement and a list of Resident Advocate Committee members, as well as a check for the appropriate licensing fee. Renewal: A letter and license application is sent via U.S. mail to each facility, sixty (60) days in advance of the renewal. The facility must return the completed application within 30 days of the renewal date along with the documents identified in the Initial (above). **POST-PROJECT:** Initial – From the Health Facilities web site, health care facilities will access the interactive application. The application will be completed, the Resident Admission Agreement and names of Resident Advocate Committee members included as attachments and the licensing fee paid electronically via credit card. Renewal – An "automatic" e-mail would be sent sixty (60) days prior to renewal. E-mails would continue to be generated automatically on a pre-selected cycle until opening of e-mails is detected. A "hard copy" would be generated five days prior to the renewal date if no response is received. Following receipt, information would flow as stated in "Initial".

This process will be implemented utilizing the Internet, replacing the slower, less reliable U.S. Mail.

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

Response: The following benefits would be realized from this project:

- Cost savings to Department and Health Care Facility
- Reduced paperwork for both entities
- Improved work processes
- Reduced telephone inquiries
- Faster customer response
- Better program results
- Increased access to services
- Increased security

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State Government.

Response: Stakeholders = consumers of long-term care services. This information (Resident Admission Agreement, Resident Advocate Committee members, licensure application information) could be shared with other state agencies such as DEA, DHS, AAG to assure all have current, accurate information. This information would also be available on the HFD web site for perusal by the citizens of Iowa, thus reconnecting Iowans to State Government.

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1. Project Executive Sponsor Responsibilities: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

Response: No response required.

2. Organization Skills:
   a. List the project management skills necessary for successful project implementation
   b. List the project management skills available within the agency
   c. List the source(s) of project management skills lacking within the agency
   d. Summarize relevant agency project management experience and results

Response:
a. Knowledge computer systems and software programs. The ability to communicate with health care facilities to assure successful transition from the old to new system.
b. The Project Manager has more than twenty (20) years experience in conceiving, developing and managing special projects. He is very familiar with MS Project Management and utilizes this as an effective tool.
c. None.
d. Same as b. Other managers have ample experience serving as team leaders for various process action teams.

B. Project Information

1. History:
   a. Is this project the first part of a future, larger project? If so, please explain.
   b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

Response: a. This project is independent of any larger project. However, it may be able to be incorporated as a part of the agency's web page.
b. This project has not yet been initiated.

2. Expectations: Describe the primary purpose or reason for the project.

Response: We have the prospect of enabling all of our license holders to apply or renew their licenses by electronic means. This includes all state licensed and federally certified health care facilities.

3. Measures: Describe the criteria that will be used to determine if the project is successful.

Response: We will be successful when all licensed health care facilities are able to receive their initial licenses or renewals electronically.

4. Environment: List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response: The potential "stakeholders" in this project are numerous. They include licensed healthcare providers, the Health Facilities Division of DIA, ITD, the Health Enterprise planning team and many others.

5. Risk: Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response: Risks to the project hinge on development costs, end user capabilities, maintenance costs and the ability of the project sponsor to sustain commitment to the effort.

6. Security / Data Integrity / Data Accuracy / Information Privacy
   a. List the security requirements of the project
   b. Describe how the security requirements will be integrated into the project and tested
   c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response: a. The license application itself as well as a copy of the Resident Admission Agreement and names of Resident Advocate Committee members, are all public information. The payment of the license fees electronically via a credit card would require a secure system, as well as any use of social security numbers.
b. The security requirements must be initiated when an attempt to transmit a completed license occurs. Specifications of the development contract will require the contractor to test the security once the application is developed.
c. The security requirements will be included in the original request for proposal.

7. Project Schedule
   Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response: The project should be completed within six months of initiation. It will begin July 1, 2003, and will be divided into these areas and estimated due dates: Architecture/design - 7/18; Detailed design – 8/29; Code/debug – 10/17; Unit test – 11/14; Integration – 12/15 and System test – 12/31. The Department will provide programmatic support, and the contractor will be responsible for provision of all development resources.

SECTION III: TECHNOLOGY (In written detail, describe the following)

A. Current Technology Environment

1. Software (Client Side / Server Side / Midrange / Mainframe):
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external

Response: a. MSSQL for the database.
b. The PC operating system is MS Windows 98, the network operating system is windows 2000 server.
c. Windows 2000 server to Netware 5.1 to desktops.

2. Hardware (Client Side / Server Side / Mid-range / Mainframe):
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external

Response: a. Windows 2000 servers. b. PC's interface with database servers and storage servers in server room. c. Desktop with network login/security to Windows 2000 server and MSSQL database. 100 Megabyte bandwidth. d. Internal connection and cat5 cable to hubs, switches and servers. e. The system interfaces with MSSQL databases and storage area servers.

B. Proposed Technology Environment

1. Software (Client Side / Server side / Mid-range / Mainframe)
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external
   d. General parameters if specific parameters are unknown or to be determined

Response: a. MSSQL database b. Windows 2000 server c. Windows 2000 server to Netware 5.1 internal connection. d. The ability to interface with products being used by the Alcoholic Beverages Division and the Department of Revenue and Finance

2. Hardware (Client Side / Server Side / Mid-range / Mainframe)
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and Bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external
   f. General parameters if specific parameters are unknown or to be determined

Response: a. Windows 2000 server with MSSQL database b. State owned server located in ITD accessible to outside personnel via the Internet. c. Client side/standard Internet connectivity. d. Server to DIA/100 Megabyte connection via campus backbone. e. Interface to DIA MSSQL databases. f. System would allow complete input of license forms to a holding area for review prior to entry into the master database.

C. Data Elements

If the project creates a new database, provide a description of the data elements.

Response: New database or existing database of facility e-mails/credit card transactions connected to existing database of facility licensure information.

SECTION IV: Financial Analysis

A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right)\times \%\ State\ Share\right]+\left(Annual\ Ongoing\ Cost\times \%\ State\ Share\right)=Annual\ \text{Pr}orated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	$12,600	4	33%	$ 2100	33%	$ 1,732
Software	$ 8,000	4	33%	$0	33%	$ 660
Hardware	$16,000	3	33%	$0	33%	$ 1760
Training	$5,000	4	33%	$0	33%	$ 412
Facilities	$ 0	1	33%	$ 0	33%	$ 0
Professional Services	$10,000	4	33%	$3333	33%	$ 1925
ITD Services	$ 0	4	0%	$0	0%	$ 0
Supplies, Maint, etc.	$2000	1	33%	$0	33%	$ 660
Other (Specify)	$0	1	0%	$0	0%	$ 0

Totals	**$53,600**		**-------**		**-------**		**$5433**	**------**	**$ 7149**

Transfer this amount to the ROI Financial Worksheet, item “D” on page.

B. Funding: Enter data or provide response as requested

1. This is (pick one):
   - A Pooled Technology Fund or Reengineering Fund Request
   - X An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
   - ☒ Other – Specify: The first year will incorporate existing budget funds and Federal Funds, subsequent years will utilize redirected funds from within DIA/HFD.

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost ($)	% Total Cost	Cost ($)	% Total Cost	Cost ($)	% Total Cost
State General Fund	$17,688	33%	$	%	$	%
Pooled Tech. Fund	$	%	$	%	$	%
Federal Funds	$35,912	67%	$	%	$	%
Local Gov. Funds	$	%	$	%	$	%
Grant or Private Funds	$	%	$	%	$	%
Other Funds (Specify)	$	%	$	%	$	%
Total Project Cost	$53,600	100%	$	%	$	%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

Response: None

1. On a fiscal year basis, how much of the total ($ amount and %) project / expenditure cost would be absorbed by your agency from normal operating budgets (all funding sources)?

Response: $12,600

2. Identify, list, and quantify all new annual ongoing (maintenance, staffing, etc.) related costs (State $s) that will be incurred after implementation or expenditure.

Response: The State of Iowa expense for the project represents a 33% share of the total effort. As a result, the annual ongoing state expenses are as follows: staff $693 and professional services $1100. Totaling: $1,793 The remainder is Federally funded.

C. ROI Financial Worksheet: Respond to the following and transfer data to the ROI Financial Worksheet (see IVC11) as necessary:

1. Annual Pre-Project Cost – Quantify all actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.

Response: N/A

2. Annual Post-Project Cost – Quantify all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: N/A

3. State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: N/A

4. Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens**.** This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time savings and $.325 per mile for travel cost savings.

Response: Estimated time savings for license holders to request initial applications and renewals via internet versus traditional means: 2 hours per license holder with 825 license holders for total of 1,650 hours savings at an estimated value of $15 per hour (average cost for support staff/benefits) for a total value of **$25,200**. Additional time savings will be realized by estimating that using existing renewal procedures that 10% (83) of the license renewals will necessitate a telephone call to answer questions or correct error for an estimated 30 minutes per call representing a value of (30 min. x 83) = 2490 minutes/60 minutes= 41.5 hours at $15 per hour = **$623.** Further, it is estimated that each renewal/application via the internet will save the license holder approximately $.75 cents per renewal/application for 825 license holders for a savings of **$619. The total Citizen/License Holder Benefit annual benefit is projected to be $26,442**

5. Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual non-operations benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response: This project qualifies the Health Facilities Division for federal matching funds in the amount of $35,912.

6. Total Annual Project Benefit -- Add the values of all annual benefit categories.

Response: $62,354

7. Total Annual Project Cost – It is necessary to estimate and assign a useful life figure to each cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all new annual ongoing costs that are project related. Completing Section IV-A, Project Budget of the evaluation document will provide all the necessary information for this item.

Response: The Annual Prorated State Budget is $7,149 See Section IV-A, Project Budget for Details

8. Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Response: Annual Project Benefit $62,354 Divided by Annual Prorated Cost $7,149 = **8.72**

9. ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the requested State IT project funds.

Response: N/A

10. Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Readily Quantifiable" box in the applicable row.

Response:

Increased satisfaction of license holders:	10
Reduced Paper work for state and license holders	9
Increased security:	8
Faster Customer Response:	7
Better program results:	6
Increased access to services:	5

11. ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now	
FTE Cost (salary plus benefits):	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
A. Total Annual Pre-Project Cost:	$
Annual Post-Project Cost – How You Propose to Perform the Function(s)	
FTE Cost:	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
B. Total Annual Post-Project Cost:	$
State Government Benefit (= A-B):	$
Annual Benefit Summary	
State Government Benefit:	$
Citizen Benefit:	$26,442
Opportunity Value or Risk/Loss Avoidance Benefit:	$35,912
C. Total Annual Project Benefit:	$62,354
D. Annual Prorated Cost (SECTION IV-A):	$7,149
Benefit / Cost Ratio: (C / D) =	**8.72**
Return On Investment (ROI): (C – D / Requested Project Funds) x 100 =	**%**
☒ **Benefits Not Readily Quantifiable**	

Section V: ITC Project Evaluation Criteria

Criteria and Location in Project Evaluation Document		Points
1.	Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? **Location: Section I-A**	**15**
2.	Will the project improve customer service? **Location: Section I-B.2**	**15**
3.	Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with Iowans? **Location: Section I-B.3**	**10**
4.	Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? **Location: Section IV-C**	**10**
5.	Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? **Location: Section I-B.1**	**10**
6.	Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. **Location: Section II-B.5**	**10**
7.	Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? **Location: Section II-B1, IVB2**	**10**
8.	Will the project be for only one agency, multiple agencies, or the state government enterprise? **Location: Section I-B3, IIB4**	**10**
9.	Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) **Location: Section IV-B.2, IV-B.3**	**5**
10.	What is the credibility of the requester based on past performance on other projects? **Location: Section II-A.2.d**	**5**
	Total	**100**